

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2017/2018

### BCB2844 – COMPENSATION AND BENEFITS

(All Sections/Groups)

7 MARCH 2018

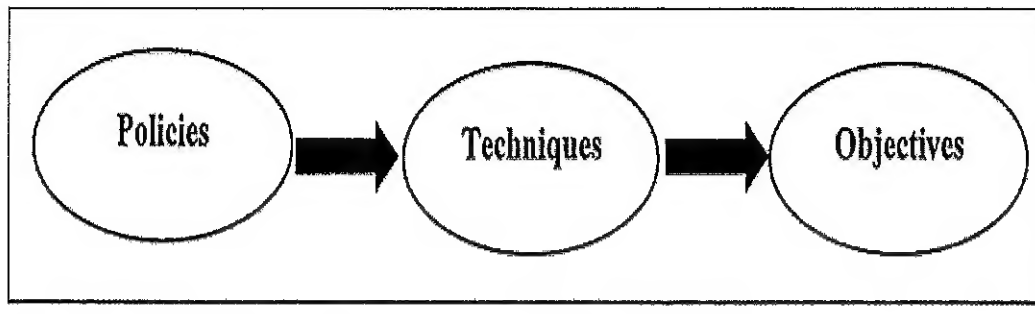
09: 00 a.m. – 11: 00 a.m.

(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages (excluding the cover page) with 4 Questions only.
2. Answer ALL the questions. All questions carry equal marks and the distribution of the marks for each question are given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1**

**Figure 1. The Pay Model**

- a) The above figure serves as a framework for examining current pay systems. It consists of three major elements of policies, techniques, and objectives. Describe briefly three out of four policies which are available in the pay model.

**(10 marks)**

- b) This question is related to the below excerpt of a case study

*Change at IBM:  
Paying the People in Black at Big Blue*

"IBM is no longer the straight-laced, top-to-bottom, rules-oriented employer it once was. As Big Blue has stirred to reinvent itself, the cultural changes have been accompanied by changes in compensation strategy so that IBM can attract and retain the best talent, especially scarce high-tech talent (the "People in Black"). IBM scrapped its traditional salary grades and its old job evaluation system in favor of a leaner, simpler band structure, introduced pay at risk tied to achieving business objectives, and gave line managers responsibility for managing pay."

*(Taken from an Article by Andrew S. Richter,  
Compensation & Benefits Review, 1998)*

**Continued...**

For several years IBM emphasized on internal alignment policy as the main pay system. However, the disastrous combination of the rapid changes in the computing industry and the lack of flexibility to adapt to that competitive changes has resulted in poor IBM business performance. Based on IBM experience above, discuss:

- i) What is the rationale behind the compensation strategies taken by IBM?  
(5 marks)
- ii) What are the three general business strategies which are linked to the compensation systems that can be adopted by most of the companies to stay competitive in the business of new centuries?  
(10 marks)

## **QUESTION 2**

- a) Internal alignment addresses pay relationships inside the organization. The relationships then form a pay structure that refers to the array of pay rates for different work or skills. Explain how internal alignment can motivate employees' behavior?  
(5 marks)
- b) There are several factors that shape the internal structures of a company in determining the suitable compensation plan. Illustrate how external factors of namely; (i) economic pressure, (ii) government policies, laws, and regulations, (iii) stakeholders, and (iv) cultures and customs can shape the internal structure.  
(20 marks)

## **QUESTION 3**

- a) Job analysis is a systematic method that is concerned with describing the differences and similarities among jobs within an organization. Provide briefly the reasons why do companies perform job analysis?  
(6 marks)
- b) The most common job evaluation methods subscribed by companies are ranking, classification, and point method. Discuss the advantages and disadvantages of each job evaluation methods.  
(6 marks)

Continued...

- c) There are two types of skill plans which focuses on depth and/or breadth of skills, abilities, and knowledge of a person. By providing an example of job designation, compare and contrast two different types of employees that possess two different focus of skills.

(13 marks)

**QUESTION 4:**

- a) As a leading higher education institution in Malaysia, University MYB does not have problems attracting fresh academic talent to join the university. However, things are beginning to change, when the government recently allowed the foreign universities to open their campuses in Malaysia. As a result, University MYB has recorded a significant drop in the recruitment of academics. On top of that, leading academics also left the university to join these new foreign universities. The top management of University MYB cited that the main reason that contributes to the above issue is the outdated compensation scheme as compared to the one offered by these new foreign universities.

As a Human Resource consultant, you are hired to advise the top management of University MYB on how to counter the above issue. You are required to outline what is the relevant market competitors' information that is needed to design a new compensation scheme.

(25 marks)

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